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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

APR 21 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
Implementation of Section 17)
of the Cable Television Consumer)
Protection and Competition)
Act of 1992)
Compatibility Between)
Cable Systems and Consumer)
Electronics Equipment)

ET Docket No. 93-7

REPLY COMMENTS OF DISCOVERY COMMUNICATIONS, INC.

DISCOVERY COMMUNICATIONS, INC.

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Discovery Communications, Inc. ("Discovery"), by its attorneys, hereby submits its reply comments in the above-captioned proceeding. Section 17 of the Cable Television Consumer Protection and Competition Act of 1992 ("Cable Act") seeks to promote a balance between the interests of the cable industry in protecting its product and subscriber desires to take advantage of advanced features residing in consumer electronics. As discussed below, Discovery urges the Commission, when

I. INTRODUCTION

As Discovery noted in its initial filing in this proceeding, Discovery is deeply involved in developing a technologically advanced program package and delivery system, Your Choice TV™, which holds the promise of revolutionizing home entertainment. This system is made possible, inter alia, by recent advances in digital compression techniques. Discovery's earlier comments were designed to bring to the Commission's attention that Discovery and other entrepreneurs are working diligently to expand subscriber choice and introduce new services based on emerging technologies. Accordingly, two suggestions were made. The first was that the Commission ensure that in achieving compatibility between cable systems and consumer electronics equipment it not erect barriers to the development and implementation of new technologies and services. The second was that the FCC adopt a process by which a broad-based advisory committee composed of the various relevant interests could establish the proper technical parameters necessary to promote compatibility.

II. THE PUBLIC INTEREST REQUIRES THE COMMISSION TO PROMOTE NEW TECHNOLOGIES, NOT DELAY THEIR INTRODUCTION

The voluminous comments filed in response to this Notice of Inquiry make plain that the balancing of consumer interests¹ mandated by Section 17 of the Cable Act will require significant effort and cooperation among the industries involved. They also demonstrate that there are a number of possible methods by which compatibility can be achieved.

While there is no unanimity of views on how Section 17's mandate can best be reached, there is unanimity on the fact that the future will bring compressed digital technology and High Definition Television.² Some have commented that this inevitable event will make the compatibility issue easier, others more difficult.³

Discovery believes that digital compression holds the promise of numerous public interest benefits, including

¹ Consumers have a significant interest in preventing programming piracy. A number of commentators estimate that piracy costs now reach almost \$4 billion a year (see, e.g., Comments of the Consumer Electronics Group of the Electronic Industries Association, p.27, n.40; Comments of Time Warner Entertainment Company, L.P., p.5). At the same time, others estimate that consumers have purchased approximately 200 million color televisions and 100 million VCRs (see, e.g., Comments of Matsushita Electronic Corporation of America, p.12).

² See, e.g., Comments of National Electronic Service Dealers Association, p.4; Comments of Cablevision Industries Corporation, p.13.

³ See, e.g., Comments of Community Antenna Television Association, Inc., p.16; Comments of Sony Corporation of America, p.21.

simplifying the inter-operability of cable and consumer electronics. Discovery was pleased to see that almost all of the commentors concurred in its concern about the possible effects of FCC action in this docket on new digital technologies and services. Most urged the Commission, as Discovery did, to take notice of the emerging digital technologies and act to promote them. The global nature of our economy, if nothing else, requires that American companies be at the forefront of developing and implementing the new digital technologies.

Mitsubishi Electronics America, Inc. ("MELA"), on the other hand, alone has specifically called for a moratorium on new non-regulated services and new technologies, such as compressed-digital, until industry standards can be established.⁴ It also urges a moratorium on the introduction of new IR codes and functions for cable boxes and a freezing of the existing number of IR codes.⁵

MELA appears to understand the significance of its request as it readily admits that its position could sound "anti-progress." It apparently has concluded, however, that in balancing the various public interests involved, the desire for compatibility overrides all others. Discovery could not disagree

⁴ Comments of MELA, pp. 8-9; The Consumer Electronics Group of the Electronic Industries Association notes that some entities in the industry believe a moratorium of the introduction of digital-based services would be beneficial (p. 43). It refrains, however, from supporting such a request.

⁵ Comments of MELA, p.15.

more. It strongly believes that any moratorium on the introduction of compressed digital signals or digital compression techniques would be a tragic mistake for American consumers and businesses. Indeed, such an action would likely drive research and development in telecommunications technology overseas. A policy of stopping progress thus should be adopted only in the most unusual circumstances, if at all. Section 17 of the Cable Act neither contemplates nor requires such a draconian and disastrous step.

Discovery respectfully suggests that rather than stopping progress for a rather lengthy period while standards are established for various new technologies -- some of which are in such a nascent stage that such an effort would not be sensible⁶ -- the Commission should establish a regulatory structure which would be "transparent" to future technological advances. In that regard, Discovery supports the suggestion of Tele-Communications, Inc. that a viable long-term solution to the matter would be requiring a standard decoder interface port and modular tuners to be built into appropriate consumer electronics.⁷ This would allow consumer electronics to be "transparent" to new technologies. New services could then be developed in a manner

⁶ A number of commentators, including NCTA, recommended that the FCC not even attempt to establish standards for digital services given their early state of development See, e.g., Comments of NCTA, pp.33-34.

⁷ Comments of Tele-Communications, Inc., pp.5-6.

that allows cable to protect its product and consumers to take advantage of advances by electronics manufacturers.

III. Conclusion

Discovery urges the Commission to ensure that, in promoting the compatibility between cable systems and consumer electronics equipment, it does not inhibit future technological progress. Accordingly, any action taken in this proceeding must be "transparent" to new technologies and flexible enough to allow industry to meet future consumer needs.

Respectfully submitted,
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